

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2014

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

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CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2014

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------|--------------|---------------------|
|-------------|--------------|---------------------|

Board of Education

(Before September 2013 Election)

| | | |
|--------------------|-----------------|------|
| Ryan Vander Heiden | Board President | 2015 |
| Shelley Weiss | Board Member | 2013 |
| Jodi Rickels | Board Member | 2013 |
| Kevin Garland | Board Member | 2013 |
| Scott Knudtson | Board Member | 2013 |
| James Knoche | Board Member | 2015 |
| Larry Banowetz | Board Member | 2015 |

(After September 2013 Election)

| | | |
|--------------------|-----------------|------|
| Ryan Vander Heiden | Board President | 2015 |
| James Knoche | Board Member | 2015 |
| Larry Banowetz | Board Member | 2015 |
| Shelley Weiss | Board Member | 2017 |
| Matt Boeckmann | Board Member | 2017 |
| Kevin Garland | Board Member | 2017 |
| Scott Knudtson | Board Member | 2017 |

School Officials

| | | |
|-----------------|------------------------------|------------|
| Lonnie Luepker | Superintendent | 2014 |
| Marika Pewe | District Secretary/Treasurer | Indefinite |
| Lynch Dallas PC | Attorney | Indefinite |

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Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education
Calamus Wheatland Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District, Wheatland, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 15 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calamus Wheatland Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 18, 2015 on my consideration of Calamus Wheatland Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Calamus Wheatland Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
February 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Calamus Wheatland Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,698,963 in fiscal 2013 to \$4,890,956 in fiscal 2014, and General Fund expenditures increased from \$4,922,127 in fiscal 2013 to \$5,045,287 in fiscal 2014. The district's General Fund balance decreased from \$1,174,579 in fiscal 2013 to \$1,020,248 in fiscal 2014, a 14% decrease.
- The district showed an increase in net position of \$199,431, or approximately 3%, during the year ended June 30, 2014.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Calamus Wheatland Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Calamus Wheatland Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Calamus Wheatland Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor Governmental Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1

Calamus Wheatland Community School District Annual Financial Report

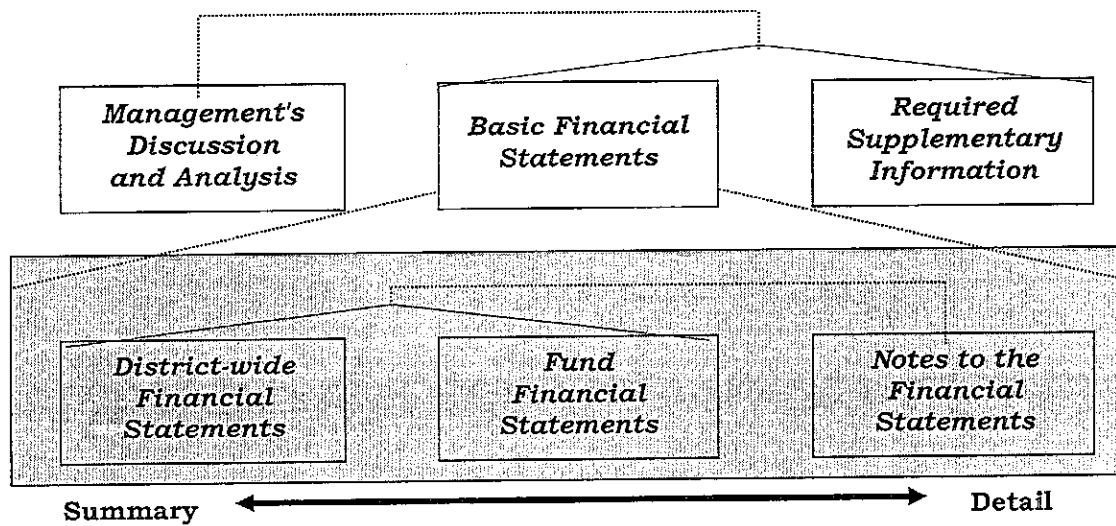


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2
Major Features of the Government-wide and Fund Financial Statements

| | Government-wide Statements | Fund Statements | | |
|--|--|--|--|---|
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance | Activities the District operates similar to private businesses: food services | Instances in which the District administers resources on behalf of someone else, such as scholarship programs |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All position and liabilities, both financial and capital, short-term and long-term | Generally, position expected to be used up and liabilities that come due during the year or soon thereafter; no capital position or long-term liabilities included | All position and liabilities, both financial and capital, short-term and long-term | All position and liabilities, both short-term and long-term; funds do not currently contain capital position, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds also account for the District's internal service fund, which is an accounting device used to accumulate and allocate costs internally among the District's various functions. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, is the same as its business type activity, but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund and one internal service fund, the Flex-benefit Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) *Fiduciary fund*: The District is the trustee, or fiduciary, for position that belong to others. This fund consists of a Private-Purpose Trust Fund.

- Private-Purpose Trust Fund – The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Position

| | Governmental Activities | | Business type Activities | | Total District | | Total Change |
|----------------------------------|----------------------------|---------------------|-----------------------------|------------------|---------------------|---------------------|------------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2013-2014</u> |
| Current and other assets | \$ 4,576,545 | \$ 4,638,401 | \$ 17,351 | \$ 22,768 | \$ 4,593,896 | \$ 4,661,169 | -1.44% |
| Capital assets | <u>5,938,424</u> | <u>6,116,671</u> | <u>15,136</u> | <u>12,203</u> | <u>5,953,560</u> | <u>6,128,874</u> | -2.86% |
| Total assets | <u>10,514,969</u> | <u>10,755,072</u> | <u>32,487</u> | <u>34,971</u> | <u>10,547,456</u> | <u>10,790,043</u> | -2.25% |
| Long-term liabilities | 326,226 | 662,533 | - | - | 326,226 | 662,533 | -50.76% |
| Other liabilities | <u>594,317</u> | <u>1,173,657</u> | <u>14,502</u> | <u>16,071</u> | <u>608,819</u> | <u>1,189,728</u> | -48.83% |
| Total liabilities | <u>920,543</u> | <u>1,836,190</u> | <u>14,502</u> | <u>16,071</u> | <u>935,045</u> | <u>1,852,261</u> | -49.52% |
| Deferred inflows of resources | <u>1,834,568</u> | <u>1,359,370</u> | <u>-</u> | <u>-</u> | <u>1,834,568</u> | <u>1,359,370</u> | 34.96% |
| Net position: | | | | | | | |
| Net investment in capital assets | 5,938,424 | 5,796,671 | 15,136 | 12,203 | 5,953,560 | 5,808,874 | 2.49% |
| Restricted | 678,404 | 543,999 | - | - | 678,404 | 543,999 | 24.71% |
| Unrestricted | <u>1,143,030</u> | <u>1,218,842</u> | <u>2,849</u> | <u>6,697</u> | <u>1,145,879</u> | <u>1,225,539</u> | -6.50% |
| Total net position | <u>\$ 7,759,858</u> | <u>\$ 7,559,512</u> | <u>\$ 17,985</u> | <u>\$ 18,900</u> | <u>\$ 7,777,843</u> | <u>\$ 7,578,412</u> | 2.63% |

The District's combined net position increased by approximately 3%, or \$199,431 over the prior year. The largest portion of the District's net position is invested in capital position (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position increased \$134,405, or approximately 25% over the prior year. The increase was due in part to cash balances and decreased expenditures in the Management Fund, Capital Projects Fund, and restricted categorical funds in the General Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased \$79,660, or approximately 6%. This decrease in unrestricted net position was a result of fewer unrestricted state and federal grants and increased expenditures in the General and Nutrition Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4

Change in Net Position

| Revenues | Governmental Activities | | Business Type Activities | | Total District | | Total Change |
|-------------------------------------|-------------------------|---------------------|--------------------------|------------------|---------------------|---------------------|--------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2013-2014 |
| Program revenues | | | | | | | |
| Charges for service | \$ 775,645 | \$ 722,108 | \$ 140,182 | \$ 127,007 | \$ 915,827 | \$ 849,115 | 7.86% |
| Operating grants | 789,835 | 740,962 | 116,094 | 120,781 | 905,929 | 861,743 | 5.13% |
| General revenues | | | | | | | |
| Property tax | 2,075,593 | 2,168,078 | - | - | 2,075,593 | 2,168,078 | -4.27% |
| Statewide sales, services & use tax | 395,820 | 354,874 | - | - | 395,820 | 354,874 | 11.54% |
| Unrestricted state grants | 2,025,434 | 1,809,462 | - | - | 2,025,434 | 1,809,462 | 11.94% |
| Contributions and donations | 600 | 15,400 | - | - | 600 | 15,400 | 100.00% |
| Unrestricted investment earnings | 6,784 | 8,606 | 19 | 20 | 6,803 | 8,626 | -21.13% |
| Other | 24,594 | 8,656 | - | - | 24,594 | 8,656 | 184.13% |
| Gain-disposal of capital assets | - | 15,380 | - | - | - | 15,380 | -100.00% |
| Total revenues and special item | <u>6,094,305</u> | <u>5,843,526</u> | <u>256,295</u> | <u>247,808</u> | <u>6,350,600</u> | <u>6,091,334</u> | 4.26% |
| Program expenses | | | | | | | |
| Governmental activities | | | | | | | |
| Instruction | 3,755,699 | 3,694,042 | - | - | 3,755,699 | 3,694,042 | 1.67% |
| Support services | 1,597,000 | 1,472,569 | - | - | 1,597,000 | 1,472,569 | 8.45% |
| Non-instructional programs | 116,055 | 125,170 | 257,210 | 249,134 | 373,265 | 374,304 | -0.28% |
| Other expenses | <u>425,205</u> | <u>382,713</u> | <u>-</u> | <u>-</u> | <u>425,205</u> | <u>382,713</u> | 11.10% |
| Total expenses | <u>5,893,959</u> | <u>5,674,494</u> | <u>257,210</u> | <u>249,134</u> | <u>6,151,169</u> | <u>5,923,628</u> | 3.84% |
| Increase (decrease) in net position | 200,346 | 169,032 | (915) | (1,326) | 199,431 | 167,706 | 18.92% |
| Net position beginning of year | <u>7,559,512</u> | <u>7,390,480</u> | <u>18,900</u> | <u>20,226</u> | <u>7,578,412</u> | <u>7,410,706</u> | 2.26% |
| Net position end of year | <u>\$ 7,759,858</u> | <u>\$ 7,559,512</u> | <u>\$ 17,985</u> | <u>\$ 18,900</u> | <u>\$ 7,777,843</u> | <u>\$ 7,578,412</u> | 2.63% |

In fiscal 2014, property and sales tax and unrestricted state grants account for 68% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for almost 100% of the revenue from business type activities.

The District's total revenues were \$6,350,600 of which \$6,094,305 was for governmental activities and \$256,295 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4% increase in revenues and a 4% increase in expenses. Unrestricted state grants increased \$215,972 to fund expenditures. The expenses related to increases in the negotiated salary and benefits package as well as increases in expenses for certain special education programs.

Governmental Activities

Revenues for governmental activities were \$6,094,305 and expenses were \$5,893,959 during the year ended June 30, 2014.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5

| | Total and Net Cost of Governmental Activities | | | | | |
|----------------------------|---|---------------------|---------------------|----------------------|---------------------|---------------------|
| | Total Cost of Services | | | Net Cost of Services | | |
| | 2014 | 2013 | Change 2013-2014 | 2014 | 2013 | Change 2013-2014 |
| Instruction | \$ 3,755,699 | \$ 3,694,042 | 1.7% | \$ 2,386,257 | \$ 2,415,838 | -1.2% |
| Support services | 1,597,000 | 1,472,569 | 8.4% | 1,586,388 | 1,465,248 | 8.3% |
| Non-instructional programs | 116,055 | 125,170 | -7.3% | 116,055 | 125,170 | -7.3% |
| Other expenses | <u>425,205</u> | <u>382,713</u> | <u>11.1%</u> | <u>239,779</u> | <u>205,168</u> | <u>16.9%</u> |
| Total expenses | <u>\$ 5,893,959</u> | <u>\$ 5,674,494</u> | <u>3.9%</u> | <u>\$ 4,328,479</u> | <u>\$ 4,211,424</u> | <u>2.8%</u> |

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$775,645.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$789,835.
- The net cost of governmental activities was financed with \$2,075,593 in property taxes and \$2,025,434 in unrestricted state grants.

Business Type Activities

Revenues for business type activities for the year ended June 30, 2014 were \$256,295, representing a 4% increase over the prior year and expenses were \$257,210, a 4% increase over the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District increased meal prices. The District considers meal price increases only when deemed necessary to meet the obligations of the School Nutrition Fund. Salaries and benefits account for 53% of expenditures with 47% for food supplies and other miscellaneous expenditures.

INDIVIDUAL FUND ANALYSIS

As previously noted, Calamus Wheatland Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,713,856, a decrease of less than 1% from last year's ending fund balances of \$1,717,002. The primary reason for the decrease in combined fund balances in fiscal 2014 is due to decreased fund balances in the General Fund.

Governmental Fund Highlights

- The District's decrease in the General Fund financial position is the product of several factors. The General Fund balance decreased by \$154,331 from a balance of \$1,174,579 in FY13 to \$1,020,248 in FY14, mainly due to increased salary and benefit packages and special education expenditures.
- The Capital Projects, Statewide Sales, Services and Use Tax Fund balance increased from \$350,161 in FY13 to \$524,495 in FY14, due to increased revenue in interest and tax collections and decreased expenditures.

Proprietary Fund Highlights

Enterprise Fund net position decreased from \$18,900 at June 30, 2013 to \$17,985 at June 30, 2014, representing a decrease of approximately 5%. The District reviews this fund annually and makes adjustments to the lunch fees as necessary.

BUDGETARY HIGHLIGHTS

Over the course of the year, Calamus Wheatland Community School District amended its annual budget one time to reflect additional revenue and expenditures associated with increased costs of operation, professional development related revenue and expenditures, and technology purchases not originally budgeted at the time the budget was certified.

The District's revenues were \$227,382 more than budgeted revenues, a variance of approximately 4%. The district practice is to budget conservatively and underestimate revenue when budgeting.

Total expenditures were \$285,584 less than budgeted. It is the District's practice to budget expenditures at a reasonably higher amount but less than the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the non-instructional programs functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$5,953,560, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of approximately 3% from last year. More detailed information about the District's capital position is presented in Note 5 to the financial statements. Depreciation expense for the year was \$359,024.

The original cost of the District's capital assets was \$11,779,389. Governmental funds account for \$11,668,260, with the remainder of \$111,129 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the improvements other than buildings category. The District's improvements other than buildings totaled \$213,309 at June 30, 2014 compared to \$240,892 at June 30, 2013 due to annual depreciation expense.

Figure A-6

| | Capital Assets, Net of Depreciation | | | | | | |
|------------------------------------|-------------------------------------|--------------------|-----------------|-----------------|--------------------|--------------------|-----------------------------|
| | Governmental | | Business type | | Total | | Total |
| | Activities | | Activities | | School District | | Change |
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2013-</u> <u>2014</u> |
| Land | \$ 260,444 | \$ 260,444 | \$ - | \$ - | \$ 260,444 | \$ 260,444 | 0.00% |
| Buildings and improvements | 4,952,213 | 5,075,147 | - | - | 4,952,213 | 5,075,147 | -2.42% |
| Improvements, other than buildings | 213,309 | 240,892 | - | - | 213,309 | 240,892 | -11.45% |
| Furniture and equipment | <u>512,458</u> | <u>540,188</u> | <u>15,136</u> | <u>12,203</u> | <u>527,594</u> | <u>552,391</u> | -4.49% |
| Totals | <u>\$5,938,424</u> | <u>\$6,116,671</u> | <u>\$15,136</u> | <u>\$12,203</u> | <u>\$5,953,560</u> | <u>\$6,128,874</u> | -2.86% |

Long-Term Debt

At June 30, 2014, the District had \$326,226 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 51% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

The District continues to carry a general obligation bond rating of Aa3 assigned by national rating agencies to the District's debt since 1997. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$7.5 million.

Figure A-7

| | Outstanding Long-term Obligations | | |
|--------------------------|-----------------------------------|-------------------|------------------|
| | Total | | Total |
| | School District | | Change |
| | <u>2014</u> | <u>2013</u> | <u>2013-2014</u> |
| General obligation bonds | \$ - | \$ 320,000 | -100.00% |
| Capital lease | 100,406 | 199,915 | -49.78% |
| Early retirement | 48,280 | - | 100.00% |
| Net OPEB liability | <u>177,540</u> | <u>142,618</u> | 24.49% |
| Totals | <u>\$ 326,226</u> | <u>\$ 662,533</u> | -50.76% |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Although the District had experienced stable enrollment for the past few years, the District expects a slight decrease in enrollment due to smaller graduating classes and then a decline with several larger graduating classes.
- The District continually evaluates the condition of its vehicle fleet. Due to increased miles on cars, the District will pursue replacing vehicles with funds available in the Physical Plant and Equipment Levy Fund.
- The District negotiates with the Calamus Wheatland Education Association on an annual basis. The negotiated wage and benefit package with health insurance benefits have continued to increase over the past years. Settlements in excess of "new money" or supplemental state aid in state funding will have an adverse effect on the District's General Fund budget and related fund balance.
- The District implemented their OPEB benefits as required by GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for the year ended June 30, 2014. The District's net OPEB liability was determined by an actuary to be \$177,540 for FY14.
- The district had a slight increase in certified enrollment which will have a small positive impact on the funding received from the state for the General Fund.
- Negotiations with the Calamus Wheatland Education Association were completed for the 2013/14 school year. The certified staff received a 3.44% package increase.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Marika Pewe, District Secretary/Treasurer and Business Manager, Calamus Wheatland Community School District, 110 East Park Road, PO Box 279, Wheatland, Iowa, 52777.

Basic Financial Statements

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

| | Governmental | Business Type | |
|---|-------------------|-------------------|--------------|
| Assets | Activities | Activities | Total |
| Cash, cash equivalents and pooled investments | \$ 2,372,039 | \$ 15,123 | \$2,387,162 |
| Receivables | | | |
| Property tax | | | |
| Delinquent | 21,984 | - | 21,984 |
| Succeeding year | 1,834,568 | - | 1,834,568 |
| Accounts receivable | 7,215 | - | 7,215 |
| Accrued interest | 100 | - | 100 |
| Income surtax | 148,184 | - | 148,184 |
| Due from other governments | 192,455 | - | 192,455 |
| Inventories | - | 2,228 | 2,228 |
| Non-depreciable capital assets | 260,444 | - | 260,444 |
| Capital assets, net of accumulated depreciation | 5,677,980 | 15,136 | 5,693,116 |
| Total assets | 10,514,969 | 32,487 | 10,547,456 |
| Liabilities | | | |
| Accounts payable | 148,145 | - | 148,145 |
| Salaries and benefits payable | 445,720 | 14,502 | 460,222 |
| Advances from grantors | | | |
| Accrued interest payable | 452 | - | 452 |
| Long-term liabilities | | | |
| Portion due within one year | | | |
| Capital lease payable | 100,406 | - | 100,406 |
| Termination benefits payable | 16,093 | - | 16,093 |
| Portion due after one year | | | |
| Termination benefits payable | 32,187 | - | 32,187 |
| Net OPEB liability | 177,540 | - | 177,540 |
| Total liabilities | 920,543 | 14,502 | 935,045 |
| Deferred Inflows of Resources | | | |
| Unavailable property tax revenue | 1,834,568 | - | 1,834,568 |
| Net Position | | | |
| Net investment in capital assets | 5,938,424 | 15,136 | 5,953,560 |
| Restricted for | | | |
| Categorical funding | 101,487 | - | 101,487 |
| Management levy purposes | 56,051 | - | 56,051 |
| Physical plant and equipment | 51,758 | - | 51,758 |
| Student activities | 45,019 | - | 45,019 |
| School infrastructure | 424,089 | - | 424,089 |
| Unrestricted | 1,143,030 | 2,849 | 1,145,879 |
| Total net position | \$ 7,759,858 | \$ 17,985 | \$7,777,843 |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | |
|------------------------------------|------------------|-------------------------|--|--|--|--------------------|
| | Expenses | Charges for Services | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest | Governmental Business Type Activities | Total |
| <u>Functions/Programs</u> | | | | | | |
| Governmental activities | | | | | | |
| Instruction | | | | | | |
| Regular instruction | \$ 2,476,312 | \$ 696,598 | \$ 568,499 | \$ - | \$ (1,211,215) | \$ (1,211,215) |
| Special instruction | 651,189 | 771 | 22,041 | - | (628,377) | (628,377) |
| Other instruction | 628,198 | 77,619 | 3,914 | - | (546,665) | (546,665) |
| | <u>3,755,699</u> | <u>774,988</u> | <u>594,454</u> | <u>-</u> | <u>(2,386,257)</u> | <u>(2,386,257)</u> |
| Support services | | | | | | |
| Student | 157,599 | - | 2,794 | - | (154,805) | (154,805) |
| Instructional staff | 198,406 | - | - | - | (198,406) | (198,406) |
| Administration | 443,089 | - | 6,734 | - | (436,355) | (436,355) |
| Operation and maintenance of plant | 468,370 | - | - | - | (468,370) | (468,370) |
| Transportation | 329,536 | 657 | 427 | - | (328,452) | (328,452) |
| | <u>1,597,000</u> | <u>657</u> | <u>9,955</u> | <u>-</u> | <u>(1,586,388)</u> | <u>(1,586,388)</u> |
| | <u>116,055</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(116,055)</u> | <u>(116,055)</u> |
| Non-instructional programs | | | | | | |
| Other expenses | | | | | | |
| Facilities acquisition | 47,515 | - | - | - | (47,515) | (47,515) |
| Long-term debt interest | 9,928 | - | - | - | (9,928) | (9,928) |
| AEA flowthrough | 185,426 | - | 185,426 | - | - | - |
| Depreciation (unallocated) * | 182,336 | - | - | - | (182,336) | (182,336) |
| | <u>425,205</u> | <u>-</u> | <u>185,426</u> | <u>-</u> | <u>(239,779)</u> | <u>(239,779)</u> |
| Total governmental activities | <u>5,893,959</u> | <u>775,645</u> | <u>789,835</u> | <u>-</u> | <u>(4,328,479)</u> | <u>(4,328,479)</u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

Exhibit B

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------------|--|--|--|-----------------------------|---------------------|
| | Charges for Services | Operating Grants, Contributions and Restricted Interest | Capital Grants, Contributions and Restricted Interest | Governmental Activities | Business Type Activities | Total |
| <u>Functions/Programs (continued)</u> | | | | | | |
| Business type activities | | | | | | |
| Non-instructional programs | | | | | | |
| Food service operations | \$ 257,210 | \$ 140,182 | \$ 116,094 | \$ - | \$ (934) | \$ (934) |
| Total | <u>\$ 6,151,169</u> | <u>\$ 915,827</u> | <u>\$ 905,929</u> | <u>(4,328,479)</u> | <u>(934)</u> | <u>(4,329,413)</u> |
| <u>General Revenues</u> | | | | | | |
| Property tax levied for | | | | | | |
| General purposes | | | | 1,644,971 | - | 1,644,971 |
| Debt service | | | | 330,366 | - | 330,366 |
| Capital outlay | | | | 100,256 | - | 100,256 |
| Statewide sales, services and use tax | | | | 395,820 | - | 395,820 |
| Unrestricted state grants | | | | 2,025,434 | - | 2,025,434 |
| Contributions and donations | | | | 600 | - | 600 |
| Unrestricted investment earnings | | | | 6,784 | 19 | 6,803 |
| Other | | | | 24,594 | - | 24,594 |
| Total general revenues | | | | <u>4,528,825</u> | <u>19</u> | <u>4,528,844</u> |
| Change in net position | | | | 200,346 | (915) | 199,431 |
| Net position beginning of year | | | | 7,559,512 | 18,900 | 7,578,412 |
| Net position end of year | | | | <u>\$ 7,759,858</u> | <u>\$ 17,985</u> | <u>\$ 7,777,843</u> |

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2014

| | | Capital Projects Statewide | Sales, Services and | Nonmajor Governmental | |
|---|--------------------|----------------------------------|------------------------|--------------------------|--|
| Assets | <u>General</u> | <u>Use Tax</u> | <u>Funds</u> | <u>Total</u> | |
| Cash, cash equivalents and pooled investments | \$1,455,232 | \$461,765 | \$156,888 | \$2,073,885 | |
| Receivables | | | | | |
| Property tax | | | | | |
| Delinquent | 15,737 | - | 6,247 | 21,984 | |
| Succeeding year | 1,427,695 | - | 406,873 | 1,834,568 | |
| Accounts receivable | 964 | 177 | 5,978 | 7,119 | |
| Accrued interest | 100 | - | - | 100 | |
| Income surtax | 148,184 | - | - | 148,184 | |
| Due from other governments | 129,364 | 63,091 | - | 192,455 | |
| Due from other fund | - | - | 35,811 | 35,811 | |
| Total assets | <u>\$3,177,276</u> | <u>\$525,033</u> | <u>\$611,797</u> | <u>\$4,314,106</u> | |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 131,823 | \$ 538 | \$ - | \$ 132,361 | |
| Due to other fund | - | - | 35,811 | 35,811 | |
| Salaries and benefits payable | 445,720 | - | - | 445,720 | |
| Advances from grantors | 3,606 | - | - | 3,606 | |
| Total liabilities | <u>581,149</u> | <u>538</u> | <u>35,811</u> | <u>617,498</u> | |
| Deferred inflows of resources | | | | | |
| Unavailable revenue | | | | | |
| Succeeding year property tax | 1,427,695 | - | 406,873 | 1,834,568 | |
| Income surtax | 148,184 | - | - | 148,184 | |
| Total deferred inflows of resources | <u>1,575,879</u> | <u>-</u> | <u>406,873</u> | <u>1,982,752</u> | |
| Fund balances | | | | | |
| Restricted for | | | | | |
| Categorical funding | 101,487 | - | - | 101,487 | |
| Student activities | - | - | 45,019 | 45,019 | |
| Management levy purposes | - | - | 104,331 | 104,331 | |
| Physical plant and equipment | - | - | 51,758 | 51,758 | |
| School infrastructure | - | 524,495 | - | 524,495 | |
| Unassigned | 918,761 | - | (31,995) | 886,766 | |
| Total fund balances | <u>1,020,248</u> | <u>524,495</u> | <u>169,113</u> | <u>1,713,856</u> | |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$3,177,276</u> | <u>\$525,033</u> | <u>\$611,797</u> | <u>\$4,314,106</u> | |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Exhibit D

| | |
|--|--------------------|
| Total fund balances of governmental funds | \$1,713,856 |
|--|--------------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

| | |
|--|-----------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | 5,938,424 |
|--|-----------|

| | |
|--|---------|
| Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds. | 151,790 |
|--|---------|

| | |
|--|-------|
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (452) |
|--|-------|

| | |
|---|---------|
| The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Assets. | 282,466 |
|---|---------|

| | |
|---|------------------|
| Long-term liabilities, including bonds payable, capital leases payable and other postemployment benefits payable, are not due and payable in the current period and, therefore are not reported as liabilities in the governmental funds. | <u>(326,226)</u> |
|---|------------------|

| | |
|--|---------------------------|
| Net position of governmental activities | <u>\$7,759,858</u> |
|--|---------------------------|

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit E

| | | Capital Projects | | |
|------------------------------------|------------------|---------------------|----------------|------------------|
| | | Statewide | | |
| | | Sales, | Nonmajor | |
| | | Services and | Governmental | |
| Revenues | <u>General</u> | <u>Use Tax</u> | <u>Funds</u> | <u>Total</u> |
| Local sources | | | | |
| Local tax | \$ 1,522,833 | \$ - | \$ 540,877 | \$2,063,710 |
| Tuition | 494,964 | - | - | 494,964 |
| Other | 52,513 | 12,946 | 105,808 | 171,267 |
| State sources | 2,686,700 | 395,820 | - | 3,082,520 |
| Federal sources | 133,833 | - | - | 133,833 |
| Total revenues | <u>4,890,843</u> | <u>408,766</u> | <u>646,685</u> | <u>5,946,294</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | | | |
| Regular | 2,280,445 | 14,496 | 10,910 | 2,305,851 |
| Special | 652,055 | - | - | 652,055 |
| Other | 523,804 | - | 99,833 | 623,637 |
| | <u>3,456,304</u> | <u>14,496</u> | <u>110,743</u> | <u>3,581,543</u> |
| Support services | | | | |
| Student | 155,652 | - | 630 | 156,282 |
| Instructional staff | 185,083 | 11,633 | 315 | 197,031 |
| Administration | 433,872 | 5,413 | 630 | 439,915 |
| Operation and maintenance of plant | 383,848 | 24,026 | 57,382 | 465,256 |
| Transportation | 245,102 | 911 | 157,429 | 403,442 |
| | <u>1,403,557</u> | <u>41,983</u> | <u>216,386</u> | <u>1,661,926</u> |
| Non-instructional programs | <u>-</u> | <u>-</u> | <u>12,341</u> | <u>12,341</u> |
| Other expenditures | | | | |
| Facilities acquisition | - | 76,868 | 764 | 77,632 |
| Long-term debt | | | | |
| Principal | - | - | 419,509 | 419,509 |
| Interest and fiscal charges | - | - | 11,176 | 11,176 |
| AEA flowthrough | 185,426 | - | - | 185,426 |
| | <u>185,426</u> | <u>76,868</u> | <u>431,449</u> | <u>693,743</u> |
| Total expenditures | <u>5,045,287</u> | <u>133,347</u> | <u>770,919</u> | <u>5,949,553</u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit E

| | General | Capital Projects Statewide Sales, Services and Use Tax | Nonmajor Governmental Funds | Total |
|--|---------------------|---|-----------------------------------|--------------------|
| Excess (deficiency) of revenues over (under) expenditures | \$ (154,444) | \$ 275,419 | \$ (124,234) | \$ (3,259) |
| Other financing sources (uses) | | | | |
| Sale of equipment and materials | 113 | - | - | 113 |
| Interfund operating transfers in (out) | - | (101,085) | 101,085 | - |
| Total other financing sources (uses) | <u>113</u> | <u>(101,085)</u> | <u>101,085</u> | <u>113</u> |
| Change in fund balances | (154,331) | 174,334 | (23,149) | (3,146) |
| Fund balance, beginning of year | <u>1,174,579</u> | <u>350,161</u> | <u>192,262</u> | <u>1,717,002</u> |
| Fund balance, end of year | <u>\$ 1,020,248</u> | <u>\$ 524,495</u> | <u>\$ 169,113</u> | <u>\$1,713,856</u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Exhibit F

Change in fund balances - total governmental funds \$ (3,146)

**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

| | | |
|---------------------------------|------------------|-----------|
| Expenditures for capital assets | \$178,129 | |
| Depreciation expense | <u>(356,376)</u> | (178,247) |

| | |
|--|-------|
| Certain revenues not collected for several months after year-end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. | 6,619 |
|--|-------|

| | |
|---|--------|
| The Internal Service Fund is used by the District to charge the costs of the flex-benefit plan to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities. | 37,565 |
|---|--------|

| | |
|---|---------|
| Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 419,509 |
|---|---------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

| | | |
|-------------------------------|-----------------|----------|
| Termination benefits | (48,280) | |
| Other postemployment benefits | <u>(34,922)</u> | (83,202) |

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

| | | |
|--|-------------------------|--|
| | 1,248 | |
| Change in net position of governmental activities | <u><u>\$200,346</u></u> | |

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit G

| | Business Type <u>Activity</u> Nonmajor <u>Enterprise</u> School <u>Nutrition</u> | Governmental <u>Activity</u> Internal <u>Service</u> |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash, cash equivalents | \$ 15,123 | \$298,154 |
| Accounts receivable | - | 96 |
| Inventories | <u>2,228</u> | <u>-</u> |
| Total current assets | 17,351 | 298,250 |
| Noncurrent assets | | |
| Capital assets, net of accumulated depreciation | <u>15,136</u> | <u>-</u> |
| Total assets | <u>32,487</u> | <u>298,250</u> |
| Liabilities | | |
| Current liabilities | | |
| Salaries and benefits payable | 14,502 | - |
| Incurred but not reported claims | <u>-</u> | <u>15,784</u> |
| Total liabilities | <u>14,502</u> | <u>15,784</u> |
| Net Position | | |
| Invested in capital assets | 15,136 | - |
| Unrestricted | <u>2,849</u> | <u>282,466</u> |
| Total net position | <u>\$ 17,985</u> | <u>\$282,466</u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit H

| | Business Type <u>Activity</u> Nonmajor <u>Enterprise</u> School <u>Nutrition</u> | Governmental <u>Activity</u> Internal <u>Service</u> |
|------------------------------------|---|---|
| Operating revenue | | |
| Local sources | | |
| Charges for service | \$ 140,182 | \$ - |
| Employee contributions | - | 141,279 |
| Total operating revenue | <u>140,182</u> | <u>141,279</u> |
| Operating expenses | | |
| Current | | |
| Support services | | |
| Operation and maintenance of plant | <u>2,292</u> | <u>-</u> |
| Non-instructional programs | | |
| Food service operations | | |
| Salaries and benefits | 90,781 | - |
| Benefits | 44,484 | - |
| Purchased services | 500 | - |
| Supplies | 116,505 | - |
| Depreciation | 2,648 | - |
| Insurance operations | | |
| Purchased services | - | 103,714 |
| | <u>254,918</u> | <u>103,714</u> |
| Total operating expenses | <u>257,210</u> | <u>103,714</u> |
| Operating income (loss) | <u>(117,028)</u> | <u>37,565</u> |
| Non-operating revenues | | |
| Interest income | 19 | - |
| State sources | 2,243 | - |
| Federal sources | 113,851 | - |
| Total non-operating revenues | <u>116,113</u> | <u>-</u> |
| Change in net position | (915) | 37,565 |
| Net position beginning of year | <u>18,900</u> | <u>244,901</u> |
| Net position end of year | <u>\$ 17,985</u> | <u>\$ 282,466</u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit I

| | Business Type Activity <u>Nonmajor Enterprise School Nutrition</u> | Governmental Activity <u>Internal Service</u> |
|---|--|---|
| Cash flows from operating activities | | |
| Cash received from sale of services | \$ 138,192 | \$ - |
| Cash received from other operations | - | 141,269 |
| Cash payments to employees for services | (134,844) | - |
| Cash payments to suppliers for goods and services | (105,867) | (105,828) |
| Net cash provided by (used in) operating activities | <u>(102,519)</u> | <u>35,441</u> |
| Cash flows from non-capital financing activities | | |
| State grants received | 2,243 | - |
| Federal grants received | 100,403 | - |
| Net cash provided by non-capital financing activities | <u>102,646</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | |
| Acquisition of capital assets | (5,581) | - |
| Cash flows from investing activities | | |
| Interest on investments | 19 | - |
| Net increase (decrease) in cash and cash equivalents | (5,435) | 35,441 |
| Cash and cash equivalents, beginning of year | 20,558 | 262,713 |
| Cash and cash equivalents, end of year | <u>\$ 15,123</u> | <u>\$298,154</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | |
| Operating income (loss) | \$ (117,028) | \$ 37,565 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | |
| Depreciation | 2,648 | - |
| Commodities used | 13,448 | - |
| (Increase) in accounts receivable | - | (10) |
| (Increase) in inventory | (18) | - |
| (Decrease) in incurred but not reported claims | - | (2,114) |
| (Decrease) in deferred revenue | (1,990) | - |
| Increase in accrued salaries and benefits | 421 | - |
| Net cash provided by (used in) operating activities | <u>\$ (102,519)</u> | <u>\$ 35,441</u> |

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2014, the District received \$13,448 of federal commodities.

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Statement of Fiduciary Net Position
 Fiduciary Fund
 June 30, 2014

Exhibit J

| | |
|---|---|
| | Private Purpose <u>Trust</u> <u>Scholarships</u> |
| Assets | |
| Cash, cash equivalents and pooled investments | \$ 123,483 |
| Accounts receivable | <u>2,458</u> |
| Total assets | 125,941 |
| Liabilities | <u>-</u> |
| Net position | |
| Reserved for scholarships | <u><u>\$ 125,941</u></u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2014

Exhibit K

| | Private Purpose Trust <u>Scholarships</u> |
|--------------------------------|--|
| Additions | |
| Local sources | |
| Interest | \$ 2,500 |
| Deductions | |
| Instruction, regular | |
| Scholarships | <u>2,949</u> |
| Change in net position | (149) |
| Net position beginning of year | <u>126,090</u> |
| Net position end of year | <u><u>\$ 125,941</u></u> |

See notes to financial statements.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

Note 1. Summary of Significant Accounting Policies

The Calamus Wheatland Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Calamus and Wheatland, Iowa, and the agricultural territory in Clinton and Scott Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Calamus Wheatland Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Calamus Wheatland Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Statewide Sales, Services and Use Tax Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets from the revenue of the Statewide Sales, Services and Use Tax.

The District reports no major proprietary funds. However, the District reports two nonmajor proprietary funds; the enterprise, School Nutrition Fund, which is used to account for the food service operations of the District and one internal service fund, which is utilized for employee health insurance benefits.

The District also reports a fiduciary fund which focuses on net position and changes in net position. The District's fiduciary fund consists of the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, termination benefits, and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on

January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u> | <u>Amount</u> |
|-----------------------------------|---------------|
| Land | \$ 2,500 |
| Buildings | \$ 2,500 |
| Improvements other than buildings | \$ 2,500 |
| Intangibles | \$50,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | \$ 500 |
| Other furniture and equipment | \$ 2,500 |

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

| <u>Asset Class</u> | <u>Useful Life</u> |
|-----------------------------------|--------------------|
| Buildings | 50 years |
| Improvements other than buildings | 20 years |
| Intangibles | 5-10 years |
| Furniture and equipment | 5-12 years |

Salaries and Benefits Payable - Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities. Also, wages for hourly employees earned in June and paid in July have been accrued as liabilities. The rate in effect at June 30, 2014 was used to calculate the salaries payable.

Advances from Grantors - Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of unspent federal grant proceeds, as well as property tax receivables and income surtax receivables not collected within sixty days after year end.

Deferred inflows of resources on the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund equity is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$56,051 for management levy purposes, \$51,758 for physical plant and equipment, and \$45,019 for student activities and \$424,089 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures in the non-instructional programs functional area exceeded the amount budgeted.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$6,521 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investment in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

Note 3. Due From and Due to Other Funds

Details of the interfund receivables and payables at June 30, 2014 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------------|---------------------|---------------|
| Non-major | Non-major | |
| Physical plant and equipment levy | Debt Service | \$ 35,811 |

The Debt Service Fund had a negative cash balance at June 30, 2014; however, since the Debt Service Fund shares a bank account with the Physical Plant and Equipment Levy Fund, the negative bank balance is shown as a Due To and Due From Other Funds on the balance sheet.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

| <u>Transfer To</u> | <u>Transfer From</u> | <u>Amount</u> |
|---------------------------------------|--|---------------|
| Nonmajor governmental Debt Service | Major governmental Local Sales, Service and Use Tax | \$ 101,085 |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Local Sales, Services and Use Tax Fund to the Debt Service Fund were to move resources from debt issuance to pay principal and interest on debt.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

| | Balance, Beginning of Year | Additions | Deletions | Balance, End of Year |
|--|----------------------------------|---------------------|-----------------|----------------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 260,444 | \$ - | \$ - | \$ 260,444 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 8,603,984 | 30,117 | - | 8,634,101 |
| Improvements other than buildings | 664,331 | - | - | 664,331 |
| Furniture and equipment | <u>2,045,633</u> | <u>148,012</u> | <u>(84,261)</u> | <u>2,109,384</u> |
| Total capital assets being depreciated | <u>11,313,948</u> | <u>178,129</u> | <u>(84,261)</u> | <u>11,407,816</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 3,528,837 | 153,051 | - | 3,681,888 |
| Improvements other than buildings | 423,439 | 27,583 | - | 451,022 |
| Furniture and equipment | <u>1,505,445</u> | <u>175,742</u> | <u>(84,261)</u> | <u>1,596,926</u> |
| Total accumulated depreciation | <u>5,457,721</u> | <u>356,376</u> | <u>(84,261)</u> | <u>5,729,836</u> |
| Total capital assets being depreciated, net | <u>5,856,227</u> | <u>(178,247)</u> | <u>-</u> | <u>5,677,980</u> |
| Governmental activities capital assets, net | <u>\$ 6,116,671</u> | <u>\$ (178,247)</u> | <u>\$ -</u> | <u>\$ 5,938,424</u> |
| <u>Business type activities</u> | | | | |
| Furniture and equipment | \$ 105,548 | \$ 5,581 | \$ - | \$ 111,129 |
| Less accumulated depreciation | <u>93,345</u> | <u>2,648</u> | <u>-</u> | <u>95,993</u> |
| Business type activities capital assets, net | <u>\$ 12,203</u> | <u>\$ 2,933</u> | <u>\$ -</u> | <u>\$ 15,136</u> |

Depreciation expense was charged to the following functions:

Governmental activities

| | |
|--|-------------------|
| Instruction | |
| Regular | \$ 107,565 |
| Support services | |
| Operation and maintenance of plant | 1,536 |
| Transportation | <u>64,939</u> |
| | 174,040 |
| Unallocated depreciation | <u>182,336</u> |
| Total governmental activities depreciation expense | <u>\$ 356,376</u> |

Business type activities

| | |
|-------------------------|-----------------|
| Food service operations | <u>\$ 2,648</u> |
|-------------------------|-----------------|

Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

| | Balance, Beginning of Year | Additions | Reductions | Balance, End of Year | Due Within One Year |
|--------------------------|----------------------------------|------------------|-------------------|----------------------------|---------------------------|
| General obligation bonds | \$ 320,000 | \$ - | \$ 320,000 | \$ - | \$ - |
| Capital lease | 199,915 | - | 99,509 | 100,406 | 100,406 |
| Net OPEB liability | 142,618 | 42,980 | 8,058 | 177,540 | - |
| Early retirement | - | 48,280 | - | 48,280 | 16,093 |
| Totals | <u>\$ 662,533</u> | <u>\$ 91,260</u> | <u>\$ 427,567</u> | <u>\$ 326,226</u> | <u>\$ 116,499</u> |

Interest costs incurred and charged to expense on all long-term debt was \$9,928 for the year ended June 30, 2014. During the year ended June 30, 2014, the District made principal payments on total long-term debt of \$419,509.

Capital Lease

On July 5, 2011, the District entered into a capital lease for the purchase of student computers. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2014.

| | Year Ending <u>June 30,</u> | <u>Amount</u> |
|---|--------------------------------|-------------------|
| Minimum lease payments | 2015 | \$ 101,085 |
| Less amount representing interest | | <u>679</u> |
| Present value of minimum lease payments | | <u>\$ 100,406</u> |

Termination Benefits

The District offers a voluntary early retirement plan to its certified employees. Eligible employees are required to be at least 55 years of age and have completed 15 years of consecutive service to the District. Employees must have completed an application, which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is equal to one-half of the employee's current base salary for the year in which he/she applies to participate in the early retirement plan plus an additional supplemental cash incentive of \$7,500. The retiree receives the early retirement benefits in three equal payments with the first payment being made on January 20th in the calendar year following the year in which the employee is approved for early retirement. On January 20th of each of the three years following the employee's retirement, the annual benefits will be sent to a non-elective 403(b) special deferral plan on behalf of the employee. Upon request from the employee distributions will be made from the plan.

At June 30, 2014, the District had obligations to two participants with a total liability of \$48,280. There were no actual early retirement expenditures for the year ended June 30, 2014.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members are required to contribute 5.95%, 5.78% and 5.38% of their annual covered salary and the District is required to contribute 8.93%, 8.67% and 8.07% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$285,788, \$267,639 and \$250,995, respectively, equal to the required contributions for each year.

Note 8. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$185,426 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 10. Deficit Fund Balance

The District had an unreserved fund deficit of \$31,995 in the Debt Service Fund at June 30, 2014.

Note 11. Self-funded Health Insurance

The District utilizes a partial self-funded/partial fully funded plan. This is a combination of a low self-funded single of \$300/\$600 and family \$600/\$900 and a high fully funded plan through Wellmark of single \$1,500/\$3,000 and family \$4,500/\$9,000. Payments to Wellmark are made for its premium and deposits into the Internal Service Fund are made monthly for the self-funded portion. The self-fund plan (Internal Service Fund) deposits and the independent administrator funds/pays for the claim exposure between the two or \$2,400 for single and \$8,100 for family. After the total exposure has been maximized, the fully-funded carrier pays 100%. The District estimates that 25% of those covered will reach full maximum exposure.

At June 30, 2014, the District had accumulated an excess of \$282,466 in its Internal Service Fund to cover employee health care claims. Also, the District continues to fund this plan by depositing premiums into the account on a monthly basis. The District's deposits into this fund have exceeded claims paid from the fund during the years ended June 30, 2014, 2013, 2012, 2011 and 2010. All submitted claims had been paid or accrued at June 30, 2014. The District does not expect claims to exceed monies available in the fund during the year ending June 30, 2015. The District is contingently liable for any claims in excess of funds available at June 30, 2014.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported (IBNR) which represent estimates of the eventual loss on claims arising prior to year-end. Claims liabilities are reported in the financial statements in other current liabilities. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

| | Year Ended June 30, | |
|--|---------------------|------------------|
| | 2014 | 2013 |
| Unpaid claims, beginning of year | \$ 14,433 | \$ - |
| Current year claims and changes in estimates | 141,279 | 138,163 |
| Claim payments | (139,928) | (123,730) |
| Unpaid claims, end of year | <u>\$ 15,784</u> | <u>\$ 14,433</u> |

Note 12. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Insurance Plan - As discussed in Note 11, the District is contingently liable for any unreported claim or assessment in excess of their balance in the Internal Service Insurance Fund.

Note 13. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 200 active and 12 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

| | |
|--|-------------------|
| Annual required contribution | \$ 39,414 |
| Interest on net OPEB obligation | 3,566 |
| Adjustment to annual required contribution | <u>(8,058)</u> |
| Annual OPEB cost | 34,922 |
| Contributions made | <u>-</u> |
| Increase in net OPEB obligation | 34,922 |
| Net OPEB obligation beginning of year | <u>142,618</u> |
| Net OPEB obligation end of year | <u>\$ 177,540</u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed nothing to the medical plan. Plan members eligible for benefits contributed none of the premium costs.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

| Year Ended <u>June 30,</u> | Annual <u>OPEB Cost</u> | Percentage of Annual OPEB <u>Cost Contributed</u> | Net OPEB <u>Obligation</u> |
|----------------------------------|----------------------------|---|----------------------------------|
| 2010 | \$ 34,357 | 0.0% | \$ 34,357 |
| 2011 | 35,436 | 0.0% | 69,793 |
| 2012 | 30,375 | 0.0% | 100,168 |
| 2013 | 42,450 | 0.0% | 142,618 |
| 2014 | 34,922 | 0.0% | 177,540 |

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$283,536, with no actuarial value of assets, resulting in an unfunded actuarial accrued

liability (UAAL) of \$283,536. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$3.1 million and the ratio of UAAL to covered payroll was 9.1%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 14. Related Party Transactions

During the year ended June 30, 2014, the District entered into business transactions totaling \$14,577 with RPJ Enterprises, a company partly owned by Board Member Ryan Vander Heiden. The transactions were for bus maintenance and repairs.

Note 15. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program

| | |
|---|-------------------|
| Home school assistance program | \$ 8,570 |
| Beginning teacher mentoring and induction program | 815 |
| Teacher salary supplement | 6,213 |
| Statewide voluntary preschool | 51,528 |
| Early literacy grant | 12,427 |
| Educator quality, professional development | 15,200 |
| Teacher leadership grant | <u>6,734</u> |
| | <u>\$ 101,487</u> |

Note 16. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Required Supplementary Information

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Enterprise Fund
 Required Supplementary Information
 For the Year Ended June 30, 2014

| | Governmental Funds <u>Actual</u> | Enterprise Fund <u>Actual</u> | Total <u>Actual</u> | Budgeted Amounts <u>Original</u> <u>Final</u> | Final to Actual Variance |
|-------------------------------|--|-------------------------------------|------------------------|--|--------------------------------|
| Revenues | | | | | |
| Local sources | \$ 2,729,941 | \$ 140,201 | \$ 2,870,142 | \$ 3,159,869 | \$ (289,727) |
| Intermediate sources | - | - | - | 13,000 | (13,000) |
| State sources | 3,082,520 | 2,243 | 3,084,763 | 2,580,316 | 504,447 |
| Federal sources | 133,833 | 113,851 | 247,684 | 222,022 | 25,662 |
| Total revenues | <u>5,946,294</u> | <u>256,295</u> | <u>6,202,589</u> | <u>5,975,207</u> | <u>227,382</u> |
| Expenditures/Expenses | | | | | |
| Instruction | 3,581,543 | - | 3,581,543 | 3,672,605 | 151,821 |
| Support services | 1,661,926 | 2,292 | 1,664,218 | 1,693,983 | 29,765 |
| Non-instructional programs | 12,341 | 254,918 | 267,259 | 262,893 | (2,259) |
| Other expenditures | 693,743 | - | 693,743 | 614,867 | 106,257 |
| Total expenditures/expenses | <u>5,949,553</u> | <u>257,210</u> | <u>6,206,763</u> | <u>6,244,348</u> | <u>285,584</u> |
| (Deficiency) of revenues | | | | | |
| (under) expenditures/expenses | (3,259) | (915) | (4,174) | (269,141) | 512,966 |
| Net other financing sources | <u>113</u> | <u>-</u> | <u>113</u> | <u>-</u> | <u>113</u> |
| Change in fund balance | (3,146) | (915) | (4,061) | (269,141) | 513,079 |
| Balance, beginning of year | <u>1,717,002</u> | <u>18,900</u> | <u>1,735,902</u> | <u>1,680,671</u> | <u>55,231</u> |
| Balance, end of year | <u>\$ 1,713,856</u> | <u>\$ 17,985</u> | <u>\$ 1,731,841</u> | <u>\$ 1,411,530</u> | <u>\$ 568,310</u> |

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Internal Service Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures/expenses known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$247,999.

During the year ended June 30, 2014, expenditures in the non-instructional programs function exceeded the amount budgeted.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|---|
| 2010 | July 1, 2009 | \$ - | \$275,540 | \$275,540 | \$ - | \$3,100,000 | 8.9% |
| 2011 | July 1, 2009 | - | 275,450 | 275,450 | - | 3,091,090 | 8.9% |
| 2012 | July 1, 2009 | - | 275,450 | 275,450 | - | 3,010,411 | 9.1% |
| 2013 | July 1, 2012 | - | 293,512 | 293,512 | - | 3,005,725 | 9.8% |
| 2014 | July 1, 2012 | - | 283,536 | 283,536 | - | 3,115,078 | 9.1% |

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Schedule 1

| | <u>Special Revenue</u> | | <u>Capital Projects Physical Plant and Equipment Levy</u> | <u>Debt Levy</u> | <u>Total</u> |
|---|-----------------------------|----------------------------|---|----------------------|------------------|
| | <u>Student Activity</u> | <u>Management Levy</u> | | | |
| Assets | | | | | |
| Cash, cash equivalents and pooled investments | \$39,041 | \$103,058 | \$ 14,789 | \$ - | \$156,888 |
| Receivables | | | | | |
| Property tax | | | | | |
| Delinquent | - | 1,273 | 1,158 | 3,816 | 6,247 |
| Succeeding year | - | 250,000 | 156,873 | - | 406,873 |
| Accounts receivable | 5,978 | - | - | - | 5,978 |
| Due from other fund | - | - | 35,811 | - | 35,811 |
| Total assets | <u>\$45,019</u> | <u>\$354,331</u> | <u>\$208,631</u> | <u>\$ 3,816</u> | <u>\$611,797</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | |
| Liabilities | | | | | |
| Due to other funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$35,811</u> | <u>\$ 35,811</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue | | | | | |
| Succeeding year property tax | <u>-</u> | <u>250,000</u> | <u>156,873</u> | <u>-</u> | <u>406,873</u> |
| Fund balances | | | | | |
| Restricted for | | | | | |
| Student activities | 45,019 | - | - | - | 45,019 |
| Management levy purposes | - | 104,331 | - | - | 104,331 |
| Physical plant and equipment | - | - | 51,758 | - | 51,758 |
| Unassigned | - | - | - | (31,995) | (31,995) |
| Total fund balances | <u>45,019</u> | <u>104,331</u> | <u>51,758</u> | <u>(31,995)</u> | <u>169,113</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$45,019</u> | <u>\$354,331</u> | <u>\$208,631</u> | <u>\$ 3,816</u> | <u>\$611,797</u> |

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Schedule 2

| | <u>Special Revenue</u> | | <u>Capital Projects</u> | | |
|--|-----------------------------|----------------------------|--|----------------------|-------------------|
| | <u>Student Activity</u> | <u>Management Levy</u> | <u>Physical Plant and Equipment Levy</u> | <u>Debt Levy</u> | <u>Total</u> |
| Revenues | | | | | |
| Local sources | | | | | |
| Local taxes | \$ - | \$ 110,255 | \$100,256 | \$330,366 | \$ 540,877 |
| Other | <u>101,105</u> | <u>4,690</u> | <u>9</u> | <u>4</u> | <u>105,808</u> |
| Total revenues | <u>101,105</u> | <u>114,945</u> | <u>100,265</u> | <u>330,370</u> | <u>646,685</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Regular | - | 10,910 | - | - | 10,910 |
| Other | <u>99,833</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>99,833</u> |
| Total instruction | <u>99,833</u> | <u>10,910</u> | <u>-</u> | <u>-</u> | <u>110,743</u> |
| Support services | | | | | |
| Student | - | 630 | - | - | 630 |
| Instructional staff | - | 315 | - | - | 315 |
| Administration | - | 630 | - | - | 630 |
| Operation & maintenance of plant | - | 57,382 | - | - | 57,382 |
| Transportation | <u>-</u> | <u>17,300</u> | <u>140,129</u> | <u>-</u> | <u>157,429</u> |
| Total support services | <u>-</u> | <u>76,257</u> | <u>140,129</u> | <u>-</u> | <u>216,386</u> |
| Non-instructional programs | <u>-</u> | <u>6,760</u> | <u>5,581</u> | <u>-</u> | <u>12,341</u> |
| Other expenditures | | | | | |
| Facilities acquisition | - | - | 764 | - | 764 |
| Long-term debt | | | | | |
| Principal | - | - | - | 419,509 | 419,509 |
| Interest and fiscal charges | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,176</u> | <u>11,176</u> |
| Total other expenditures | <u>-</u> | <u>-</u> | <u>764</u> | <u>430,685</u> | <u>431,449</u> |
| Total expenditures | <u>99,833</u> | <u>93,927</u> | <u>146,474</u> | <u>430,685</u> | <u>770,919</u> |
| Excess (deficiencies) of revenues over (under) expenditures | <u>1,272</u> | <u>21,018</u> | <u>(46,209)</u> | <u>(100,315)</u> | <u>(124,234)</u> |
| Other financing sources | | | | | |
| Interfund operating transfers in | <u>-</u> | <u>-</u> | <u>-</u> | <u>101,085</u> | <u>101,085</u> |
| Net change in fund balances | 1,272 | 21,018 | (46,209) | 770 | (23,149) |
| Fund balances, beginning of year | <u>43,747</u> | <u>83,313</u> | <u>97,967</u> | <u>(32,765)</u> | <u>192,262</u> |
| Fund balances, end of year | <u>\$45,019</u> | <u>\$ 104,331</u> | <u>\$ 51,758</u> | <u>\$ (31,995)</u> | <u>\$ 169,113</u> |

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2014

Schedule 3

| Account | Balance, Beginning of Year | Revenues | Expenditures | Intrafund Transfer | Balance, End of Year |
|-----------------------------|----------------------------------|-------------------|------------------|-----------------------|----------------------------|
| Athletics | \$ 1,536 | \$ 39,668 | \$ 38,157 | \$ - | \$ 3,047 |
| Student insurance accounts | 4,461 | 1,283 | 630 | 214 | 5,328 |
| Annual | 3,748 | 8,426 | 7,430 | - | 4,744 |
| Key cards | 1,538 | 633 | 47 | - | 2,124 |
| Class of: | | | | | |
| 2016 | 181 | 192 | - | - | 373 |
| 2017 | 138 | 160 | 139 | - | 159 |
| 2014 | 3,170 | 3,027 | 5,983 | (214) | - |
| 2015 | 634 | 5,677 | 3,537 | - | 2,774 |
| Dance | 158 | 1 | - | - | 159 |
| FFA | 1,523 | 3,865 | 4,240 | - | 1,148 |
| Vocal | 255 | 393 | 309 | - | 339 |
| Student council | 7,362 | 7,884 | 8,036 | - | 7,210 |
| Junior high student council | 78 | 1,241 | 616 | - | 703 |
| Instrumental fund | 426 | 182 | 300 | - | 308 |
| Science club | 304 | 1 | - | - | 305 |
| School play | 5,724 | 5,257 | 6,450 | - | 4,531 |
| Special Olympics | 79 | 1 | - | - | 80 |
| Juice | 4,377 | 1,859 | 2,588 | - | 3,648 |
| National Honor Society | 816 | 1 | 85 | - | 732 |
| Softball | 99 | 1,054 | 1,065 | - | 88 |
| Teacher pop | 441 | 937 | 633 | - | 745 |
| FCCLA | 525 | 1,031 | 1,200 | - | 356 |
| Basketball | 1,937 | 3,189 | 3,729 | - | 1,397 |
| Alumni Fund | 1 | - | - | - | 1 |
| Marketing | 1,049 | 1 | - | - | 1,050 |
| Baseball | 1,158 | 1,120 | 2,041 | - | 237 |
| Elementary | | | | | |
| Student activity | 378 | 5,056 | 4,098 | - | 1,336 |
| Pop fund | 557 | 772 | 858 | - | 471 |
| Student pictures | 250 | 1,191 | 893 | - | 548 |
| Instrumental music | 95 | 771 | 840 | - | 26 |
| Library | 719 | 5,889 | 5,625 | - | 983 |
| Student council | 30 | 343 | 304 | - | 69 |
| Totals | <u>\$ 43,747</u> | <u>\$ 101,105</u> | <u>\$ 99,833</u> | <u>\$ -</u> | <u>\$ 45,019</u> |

See accompanying Independent Auditor's Report.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

Schedule 4

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|------------------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | | | | | | | | | | |
| Local sources | | | | | | | | | | |
| Local tax | \$ 2,063,710 | \$2,520,835 | \$2,554,619 | \$2,486,374 | \$2,436,142 | \$2,393,509 | \$2,288,693 | \$2,321,272 | \$2,117,886 | \$2,014,423 |
| Tuition | 494,964 | 470,669 | 459,637 | 501,914 | 464,019 | 367,860 | 351,627 | 314,521 | 317,218 | 276,019 |
| Other | 171,267 | 145,942 | 175,724 | 251,959 | 196,917 | 158,869 | 182,667 | 170,139 | 341,488 | 398,192 |
| Intermediate sources | - | - | 98 | 4,027 | - | 1,469 | 6,093 | 5,136 | - | - |
| State sources | 3,082,520 | 2,408,970 | 2,600,386 | 2,463,503 | 2,181,054 | 2,717,461 | 2,593,318 | 2,344,727 | 2,273,228 | 2,158,956 |
| Federal sources | 133,833 | 148,190 | 185,767 | 280,213 | 429,183 | 231,259 | 160,313 | 174,196 | 155,574 | 213,646 |
| Total revenues | \$ 5,694,606 | \$5,694,606 | \$5,976,231 | \$5,987,990 | \$5,707,315 | \$5,870,427 | \$5,582,711 | \$5,329,991 | \$5,205,394 | \$5,061,236 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 2,305,851 | \$2,261,419 | \$2,573,180 | \$2,121,544 | \$2,095,219 | \$2,080,180 | \$2,065,631 | \$1,973,204 | \$1,978,516 | \$1,772,214 |
| Special | 652,055 | 686,004 | 563,952 | 598,209 | 632,559 | 673,471 | 655,256 | 573,403 | 576,385 | 615,896 |
| Other | 623,637 | 622,732 | 690,528 | 643,405 | 617,203 | 472,922 | 447,271 | 430,137 | 247,369 | 351,369 |
| Support services | | | | | | | | | | |
| Student | 156,282 | 159,856 | 149,415 | 141,116 | 133,655 | 125,224 | 121,800 | 108,825 | 106,530 | 93,683 |
| Instructional staff | 197,031 | 150,998 | 204,238 | 291,526 | 289,700 | 142,840 | 150,595 | 107,102 | 126,750 | 53,884 |
| Administration | 439,915 | 424,089 | 397,747 | 522,772 | 502,288 | 493,789 | 474,708 | 476,032 | 429,509 | 399,564 |
| Operation and maintenance of plant | 465,256 | 445,894 | 422,666 | 415,393 | 396,594 | 409,511 | 406,557 | 378,663 | 375,712 | 335,311 |
| Transportation | 403,442 | 267,192 | 291,115 | 223,694 | 331,411 | 295,378 | 341,427 | 246,477 | 237,834 | 280,472 |
| Other support | - | - | - | - | 1,314 | - | 1,626 | - | - | 50,375 |
| Non-instructional programs | 12,341 | 6,565 | 6,887 | 6,949 | 6,545 | 6,537 | 6,309 | 4,706 | 583 | - |
| Other expenditures | | | | | | | | | | |
| Facilities acquisition | 77,632 | 77,403 | 131,563 | 292,571 | 119,650 | 63,341 | 58,854 | 169,326 | 167,412 | 1,906,047 |
| Long-term debt | | | | | | | | | | |
| Principal | 419,509 | 413,619 | 403,825 | 300,000 | 435,669 | 2,116,331 | 519,738 | 1,299,812 | 483,450 | 230,000 |
| Interest and other charges | 11,176 | 20,728 | 28,147 | 32,788 | 41,135 | 99,766 | 108,156 | 119,423 | 135,722 | 129,529 |
| AEA flowthrough | 185,426 | 177,545 | 179,563 | 198,631 | 197,554 | 186,943 | 179,678 | 166,149 | 154,375 | 149,154 |
| Total expenditures | \$ 5,949,553 | \$5,714,044 | \$6,042,826 | \$5,788,598 | \$5,800,496 | \$7,166,233 | \$5,537,606 | \$6,053,259 | \$5,020,147 | \$6,367,498 |

See accompanying Independent Auditor's Report.

Kay L. Chapman, CPA PC

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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Calamus Wheatland Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Calamus Wheatland Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 18, 2015

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Calamus Wheatland Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Calamus Wheatland Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Calamus Wheatland Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiencies described in Part I of the accompanying Schedule of Findings as items A and B to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calamus Wheatland Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

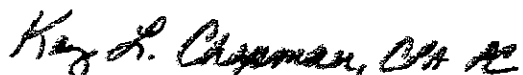
Calamus Wheatland Community School District's Responses to Findings

Calamus Wheatland Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Calamus Wheatland Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Calamus Wheatland Community School District during the course of my audit. Should you have any questions concerning any of the about matters, I shall be pleased to discuss them with you at your convenience.



Kay L. Chapman, CPA PC
February 18, 2015

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part I. Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

- A. Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts and disbursements, bank deposits and bank account reconciliations were all handled by the same person.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- B. Material Misstatement not Detected - During the course of my audit, I discovered some material misstatements on the District's Certified Annual Report (CAR) that were not detected by the District's internal controls. The District did not accrue the succeeding year property tax of \$51,768 for the voter-approved PPEL. \$84,261 of accumulated depreciation was not removed from the general fixed asset account and \$48,280 of termination benefits payable were not included in the general long-term debt account.

Recommendation - An effective system of internal control should detect material misstatements in the District's financial records and financial reporting. The District should review their control procedures and make appropriate changes to improve their internal controls to help eliminate this deficiency.

Response - We feel that our business manager has the knowledge needed to adequately perform her duties. The superintendent reviews some, but not all of the work performed and reports prepared by the business manager. We would like to hire additional office personnel to help with the business manager's workload and to provide more oversight and cross-checking of her work. However, with a limited budget, it is difficult to hire enough adequately-trained office personnel to review each other's work. We will review our procedures and consider making changes we deem necessary.

Conclusion - Response accepted.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part II. Other Findings Related to Required Statutory Reporting

1. Certified Budget - Expenditures for the year ended June 30, 2014 exceeded the amount budgeted in the non-instructional programs function.

Recommendation - The certified budget was amended, however, not to sufficient amounts to cover the expenditures. The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa in sufficient amounts before expenditures were allowed to exceed the budget.

Response - We will be more attentive of this in the future and ensure that the budget is amended sufficiently so expenditures do not exceed the amounts budgeted.

Conclusion - Response accepted.

2. Questionable Expenditures - No expenditures I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - Business transactions between the District and District officials are detailed as follows:

| <u>Name, Title and Business Connection</u> | <u>Transaction Description</u> | <u>Amount</u> |
|---|--------------------------------|---------------|
| Ryan Vander Heiden, board member part owner of RPJ Enterprises | Bus maintenance & repairs | \$14,577 |

The transactions with Board Member Vander Heiden's business appears to represent a conflict of interest since it was more than \$2,500, as allowed by Chapter 279.7A of the Code of Iowa.

Recommendation - The District should consult legal counsel to determine the disposition of this matter.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT

Schedule of Findings

For the Year Ended June 30, 2014

Response - We try to support our local businesses, when possible. RPJ Enterprises is one of only two businesses within the District that provide the needed services. Therefore, we chose to conduct business with RPJ Enterprises instead of going outside the district for these services. We will review the situation.

Conclusion - Response accepted.

5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education; however, there were some material misstatements as detailed in comment B in Part I of this Schedule of Findings.

Recommendation - The District should ensure that all reports contain correct information in the future.

Response - We will ensure that future CARs contain correct information when it is filed with the Iowa Department of Education.

Conclusion - Response accepted.

11. Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2013, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

| | | |
|--|----------------|-------------------|
| Beginning balance | | \$ 350,161 |
| Revenues | | |
| Statewide sales and services tax revenue | \$ 395,820 | |
| Other local revenues | <u>12,946</u> | 408,766 |
| Expenditures/transfers out | | |
| School infrastructure | | |
| School infrastructure construction | \$ 76,868 | |
| Equipment | 56,479 | |
| Debt service for school infrastructure | | |
| General obligation debt | <u>101,085</u> | <u>234,432</u> |
| Ending balance | | <u>\$ 524,495</u> |

The statewide sales, services and use tax revenue during the year ended June 30, 2014 was not used to reduce debt.

13. Deficit Balance - The District had an unassigned fund deficit in the Debt Service Fund of \$31,995 at June 30, 2014.

Recommendation - The District should continue to monitor this fund and investigate alternatives to eliminate this deficit in order to return the fund to a sound financial condition.

Response - We will review the situation and implement changes, as needed.

Conclusion - Response accepted.

CALAMUS WHEATLAND COMMUNITY SCHOOL DISTRICT
Audit Staff
June 30, 2014

This audit was performed by

Kay Chapman, CPA
Terri Slater, staff accountant